

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 239202

15

ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 TRSE-00 XMB-02 COME-00 OMB-01

CIAE-00 INR-07 NSAE-00 L-03 H-02 FMC-01 /036 R

DRAFTED BY EB/ITP/EWT - HJBEMIS:LLB

APPROVED BY EB/ITP - MGLITMAN

MARAD - FRAITER

COMMERCE - SPORTER

COM/ROM - JBURGESS

EB/TT/MA - RKBANK

EUR/EE - RCHRISTENSEN

----- 025725

R 072237Z OCT 75

FM SECSTATE WASHDC

TO AMEMBASSY BUCHAREST

LIMITED OFFICIAL USE STATE 239202

E.O. 11652: N/A

TAGS:RO, ETRD

SUBJECT: PLACEMENT OF MARINE CARGO INSURANCE

REFERENCE: (A) STATE 23552 (1974) (B) STATE A-9776 (1974)

(C) BUCHAREST 401 (1974) (D) STATE 227453

1. WE ARE INTERESTED IN EXAMINING WHETHER DISCRIMINATION
AGAINST U.S. INSURANCE FIRMS EXISTS IN THE PLACEMENT OF
MARINE CARGO INSURANCE ON U.S.-ROMANIAN TRADE. WE BELIEVE
IT ADVISABLE TO LOOK INTO THIS SUBJECT IN LIGHT OF
STIPULATION IN TRADE ACT THAT SATISFACTORY BALANCE OF
CONCESSIONS IN TRADE AND SERVICES BE MAINTAINED IF TRADE
ACT WITH NONMARKET ECONOMY COUNTRY IS TO BE RENEWED, PLUS
THE UNDERTAKING IN ARTICLE I, PARA 3 OF US-ROMANIAN TRADE
AGREEMENT TO MAINTAIN SATISFACTORY BALANCE OF CONCESSIONS
IN TRADE AND SERVICES. INSURANCE INDUSTRY REPRESENTATIVES
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 239202

HAVE INDICATED INFORMALLY THEY WILL PRESS FOR USG ACTION

TO INDUCE THE ROMANIANS TO BE FORTHCOMING IN THIS AREA.

2. WE HAVE LITTLE INFORMATION ON ROMANIAN MARINE INSURANCE PRACTICES. AS EMBASSY AWARE, THERE SEEMS TO BE PATTERN IN USSR AND PERHAPS OTHER COMMUNIST COUNTRIES OF FTO

STIPULATING THAT GOODS BE SHIPPED FOB/FAS FROM US AND CIF TO US, AND FTO PLACING INSURANCE WITH STATE COMPANY. AMERICAN AND OTHER WESTERN UNDERWRITERS OBTAIN ONLY A PORTION OF THE REINSURANCE, WHICH CARRIES MUCH SMALLER PREMIUMS THAN BASIC INSURANCE. WHILE THIS PRACTICE CONSERVES HARD CURRENCY (REINSURANCE IN WESTERN MARKETS MINIMIZES THE RISK OF PAYING LARGE CLAIMS IN HARD CURRENCY), IT VIRTUALLY EXCLUDES AMERICAN MARINE UNDERWRITERS FROM ACCESS TO THE BASIC INSURANCE MARKET AND IS IN THAT SENSE DISCRIMINATORY.

3. TO OBTAIN A BETTER UNDERSTANDING OF THE SITUATION IN ROMANIA, WE HAVE INCLUDED MARINE CARGO INSURANCE AS AN AGENDA ITEM FOR THE US-ROMANIAN ECONOMIC COMMISSION MEETING (REF D). WE HAVE FORWARDED TO THE ROMANIAN EMBASSY THE FOLLOWING QUESTIONS WITH THE REQUEST THEY BE ADDRESSED AT THE COMMISSION:

-- DO ROMANIAN FTOS CUSTOMARILY BUY FOB AND SELL C.I.F.? IF SO, ARE THERE ANY MAJOR EXCEPTIONS TO THIS PRACTICE?

-- DO ROMANIAN FTOS PLACE ALL BASIC MARINE INSURANCE WITH A ROMANIAN STATE-OWNED COMPANY? IF NOT, WHAT PERCENTAGE OF BASIC INSURANCE IS PLACED WITH WESTERN UNDERWRITERS? WHAT IS THE VALUE OF THIS INSURANCE?

-- WHAT PERCENTAGE OF REINSURANCE IS PLACED BY THE ROMANIAN INSURANCE COMPANY WITH WESTERN UNDERWRITERS? WHAT IS THE VALUE OF THIS INSURANCE?

-- WHAT ROMANIAN FINANCIAL ENTITY INSURES MARINE CARGOES? DOES THE RESPONSIBILITY FOR PLACEMENT OF INSURANCE REST WITH INDIVIDUAL FTOS OR WITH THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 239202

INSURING ENTITY? ARE INSURANCE CONTRACTS WRITTEN FOR INDIVIDUAL CARGOES OR ARE ALL SHIPMENTS FROM AN FTO ISSUED ON THE BASIS OF A SINGLE CONTINUING CONTRACT?

IN DISCUSSION HERE WITH ROMANIANS, WE HAVE DRAWN ATTENTION TO PROVISIONS OF TRADE ACT AND TRADE AGREEMENT CITED ABOVE, AND MENTIONED POSSIBILITY THAT CONGRESSIONAL INTEREST COULD DEVELOP.

3. ACTION REQUESTED:

A. EMBASSY SHOULD FORWARD LIST OF QUESTIONS TO GOR WITH REQUEST THAT IT BE ADDRESSED AT THE COMMISSION. YOU SHOULD EXPRESS OUR INTEREST ALONG THE LINES FOLLOWED WITH ROMANIANS HERE.

G. IN ORDER THAT WE MAY RESPOND INTELLIGENTLY TO THE ROMANIANS AT THE COMMISSION, EMBASSY SHOULD ITSELF FORWARD ANY INFORMATION IT CAN OBTAIN IN RESPONSE TO THE ABOVE QUESTIONS.

IN ADDITION WE WOULD APPRECIATE INFORMATION ON ANY UNDERSTANDINGS ROMANIA MAY HAVE WITH OTHER WESTERN COUNTRIES ON MARINE CARGO INSURANCE.

4. FYI: IF IN FACT, WE SHALL WISH TO NEGOTIATE AN UNDERSTANDING, WHAT ITS NATURE MIGHT BE, AND IN WHAT CONTEXT IT MIGHT BE NEGOTIATED, WILL BE DECIDED AFTER EXAMINATION OF ROMANIAN PRACTICES. END FYI. KISSINGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE DISCRIMINATION, CARGO INSURANCE, MARINE INSURANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 07 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE239202
Document Source: CORE
Document Unique ID: 00
Drafter: HJBEMIS:LLB
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750348-1045
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751077/aaaacqpy.tel
Line Count: 137
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 23552
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 11 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 JUN 2003 by MartinML>; APPROVED <21 OCT 2003 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PLACEMENT OF MARINE CARGO INSURANCE
TAGS: ETRD, RO, US
To: BUCHAREST
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006